

Department of Accounts

Payroll Bulletin

Calendar Year 2006

December 16, 2005

Volume 2006-01

2006 Calendar Year Payroll Operations and Leave Processing

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

Director **Lora L. George**

Assistant Director Cathy C. McGill

Introduction

This Payroll Bulletin addresses key **2006** calendar year payroll and leave processing issues. This bulletin should be distributed to and carefully reviewed by appropriate payroll and fiscal personnel within your agency.

Agency Profile Updates

DOA maintains a database of the payroll operation profiles of each agency to facilitate communications and assistance. Included in this database are contact names, phone numbers (voice and fax), E-mail addresses and report distribution information.

Verification reports showing the contact information we currently have in our database were distributed this month. Please review these reports and provide any changes to Annie Callanta via Email at annie.callanta@doa.virginia.gov or FAX to (804) 225-3499. These reports are distributed semi-annually, however, if your agency undergoes personnel changes within your organization (Fiscal Officer, Human Resource Officer, Benefits Administrator, and Payroll Officer) during 2006, please notify Payroll Operations at the time of the change.

Payroll Accounting

IRS Deposit Notices

As with 2005, the IRS will send FTD notices to all agencies regardless of the level of changes in Federal tax deposit amounts during the year.

If your agency experienced **significant** changes and you do not receive a notice, review Publication 15 (*Circular E, Employer's Tax Guide*) to ensure your deposit requirements will not change. Publication 15 may be found at <http://www.irs.gov/pub/irs-pdf/p15.pdf>

When you receive an FTD notice, FAX a copy to Cathy Gravatt at (804) 225-3499.

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Payroll Accounting, Continued

W-4 Form

Employees who claim exempt from withholding during the prior year on their W-4 must complete a new W-4 Form by February 15th to maintain their exempt status. If such employees do not provide a newly completed W-4 Form by February 15th, immediately begin to withhold Federal income tax as if they are single, with zero withholding allowances. Agencies can request CIPPS report #823, "**Employees With FIT Status Not Equal to 4, 5, or 6**", to identify employees with current exempt W-4s (FIT status "A").

IRS regulations stipulate which employees are eligible to file a W-4 Form with exempt status. Refer to Section 9 of Publication 15 (Circular E) for more information.

Remember that employers are no longer required to submit copies of W-4s to the IRS for employees who claim more than 10 exemptions. The IRS has developed a new process to more effectively identify workers with withholding compliance problems. In cases where problems are identified, the employer will receive a written notice (called a lock-in letter) from the IRS with specific instructions for withholding on the affected employee.

Social Security Tax Withholding

The maximum wage base for 2006 withholding is **\$94,200** for OASDI (old age, survivors, and disability insurance). The wage base for HI (hospital insurance) remains unlimited (i.e., all wages are HI taxable).

For OASDI, the tax rate is 6.2% each for employees and employers. For HI, the rate is 1.45% each for employees and employers. These tax rates did not change for 2006.

No agency action is required since CIPPS recognizes the OASDI maximum. When the maximum has been reached for an individual Employee Id Number within an agency, OASDI taxes will cease to be calculated and withheld.

IRS PUBS & FORMS

The IRS web site address is <http://www.irs.gov/>

If you do not have internet access, IRS publications and forms can be ordered by calling 1-800-TAX-FORM (1-800-829-3676).

Name Changes

Employees requesting name changes in CIPPS should be reminded to immediately notify the Social Security Administration (SSA) of the change. If an employee's name is changed on CIPPS but not with the SSA, the name will not match SSA records when DOA remits the W-2 tape, possibly resulting in agency penalties. Refer to section 4 of Publication 15 (Circular E) for more information. You can verify up to 10 names/SSNs online and find out immediately if there is a mismatch. Go to www.ssa.gov/bso/bsowelcome.htm and register for a PIN and password. Your activation code will be sent to your supervisor. Input the activation code to turn on SSNVS. Log into Business Services Online with your PIN and password and enter the SSNs for verification.

<http://www.socialsecurity.gov/employer/critical.htm>

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Payroll Accounting, Continued

W-5 Forms

REMINDER – Employees who want to continue receiving advance payments of the earned income credit (EIC) should complete a **new W-5 FORM** by December 31, 2005. Agencies with employees receiving EIC should review CIPPS Report #806, "**Employees Currently Receiving Earned Income Credit**", prior to certifying pay for period ending January 9th and ensure a valid 2006 W-5 form is on file for each EIC recipient. *If a new W-5 is not received the employee **must** be changed to FIT status 4 in CIPPS until a valid W-5 is received. Retroactive EIC payments are not authorized.*

Helpful Reminders

Some items that should be considered when beginning a new calendar year:

- **Ensure all garnishments that have been satisfied due to a goal being reached are deactivated.**
 - Review the pending file reports and delete any extraneous transactions no longer required.
 - When entering a certification or edit request in 2006 with a pay period begin date with a 2005 value, you will receive a Warning message stating "YEAR NOT SAME AS CURRENT YEAR." This is an informational message. However, you must hit the enter button again for the data on PYCTF/PYEDT to accept in the system.
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Payroll Deductions

Flex Account Administrative Fees

Administrative fees for Flexible Reimbursement Accounts continue to be waived for 2006.

Flex Account Mass Transaction

DOA will **NOT** process a mass transaction at year-end to change the Deduction GOAL fields for flex accounts on H0ZDC to zeros. If you set up a decremented goal at the beginning of the plan year, no action is needed. If you did not set the goal up to decrement, you must review the amount of the goal entered to ensure that the correct amount will be withheld for the remainder of the plan year (January through June deductions).

REMINDER:

- **The utility field is automatically filled with values for FIT (position 11), SIT (position 12) and FICA (position 16).**
 - **AFTER the fields have been auto-filled with the defaults, put a "2" in position 13 to exempt from local taxing, if applicable.**
 - **Enter "1" in position 8 to DECREMENT the goal field.**
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Payroll Deductions, Continued

VGEA increase must be manually updated

The Virginia Governmental Employee Association (VGEA) announced that active member dues will increase from \$24 annually to \$48 annually effective 1/1/2006. Unfortunately, DOA is unable to create a mass transaction in CIPPS to process the increase; therefore, you will need to manually update the deduction on H0ZDC for employees enrolled in VGEA. Use the last Report 21 Employees within Deduction Register to identify those employees.

CVC Deduction #62 Format Change

DOA will process a mass transaction at year-end to turn-off Deduction #62 (changes frequency from '09' to '00') and to change the Deduction #62 AMT/PCT, GOAL and UTILITY fields on H0ZDC **to all zeros**.

REMINDER – Do not attempt to re-establish CVC deductions until CIPPS files are restored following year-end processing, scheduled for December 30, 2005 through January 2, 2006.

For questions regarding these changes, contact Cathy McGill, via email at cathy.mcgill@doa.virginia.gov or by telephone at (804) 371-7800.

Optional Group Life Update

Reports U024 - Optional Group Life Premium Listing and U025 - Optional Group Life Errors will be produced the last week of December. CIPPS will be updated the first week of January with the new Optional Group Life rates. Look for notification on the CIPPS Broadcast Screen. For questions regarding OGL, contact Joe Chang in the Richmond Branch Office of Minnesota Life at 1-800-441-2258 x101 or via email at joseph.chang@minnesotamutual.com or FAX 804-644-2460.

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Payroll Deductions, Continued

Qualified Benefit Plans

The 457 Deferred Compensation Plan is available to all salaried and wage employees of the Commonwealth. Employees of the Commonwealth who are employed by a college or university may use both the 457 Deferred Compensation Plan and a 403(b) Tax Deferred Account. The maximum limits on 403(b) and 457 plan elective deferrals for calendar year 2006 are:

Deferral Category	457 Deferred Compensation Plan	403(b) Tax-Deferred Account
Normal Annual Limit	\$15,000 (1)(5)	\$15,000 (1)(5)
Age 50 Catch-up	\$5,000 (2)	\$5,000 (2)(5)
457 Standard Catch-up	\$15,000 (3)(5)	N/A
403(b) 15-Year Catch-up	N/A	\$3,000 (4)(5)

- (1) Eligible participants may contribute the normal annual limit to both plans.
- (2) Eligible participants may contribute the Age 50 Catch-up to both plans.
- (3) The 457 Standard Catch-up may not be used in the same year that the 457 Age 50 Catch-up is used. The 457 Standard Catch-up can only be used in the three years preceding "normal retirement age" as designated on the Normal Retirement Age Election Form. The Standard Catch-up plus the Normal Annual Limit results in a total possible deferral to the 457 Plan of **\$30,000 for 2006**.
- (4) The 403(b) 15-Year Catch-up, the 403(b) age 50 Catch-up and the 403(b) Normal Annual Limit can all be used in the same year for a total deferral of **\$23,000 in 2006**.
- (5) The 457 Standard Catch-up and the 403(b) 15-Year Catch-up may both be used in the same year. A participant in both plans could potentially defer **\$53,000 in 2006** if eligible for the full 403(b) 15-Year Catch and the full 457 Standard Catch-up.

Note: Questions concerning eligibility for catch-up contributions should be directed to the applicable Plan provider.

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Payroll Deductions, Continued

Misc. Deduction TPA Processing Schedule The calendar year 2006 cut-off date schedule governing new enrollment and change processing for the miscellaneous insurance and annuity third party administrator (FBMC) follows:

Pay period	FBMC CUT-OFF	CHANGE LIST TO AGENCY	DOA Certify deadline	PAYDAY
12/25/05-01/09/06	12/22/05	12/29/05	01/09/06	01/12/06
01/10/06-01/24/06	01/12/06	01/19/06	01/26/06	02/01/06
01/25/06-02/09/06	01/27/06	02/03/06	02/10/06	02/16/06
02/10/06-02/24/06	02/08/06	02/15/06	02/23/06	03/01/06
02/25/06-03/09/06	02/24/06	03/03/06	03/10/06	03/16/06
03/10/06-03/24/06	03/13/06	03/20/06	03/27/06	03/31/06
03/25/06-04/09/06	03/27/06	04/03/06	04/10/06	04/14/06
04/10/06-04/24/06	04/11/06	04/18/06	04/25/06	05/01/06
04/25/06-05/09/06	04/26/06	05/03/06	05/10/06	05/16/06
05/10/06-05/24/06	05/11/06	05/18/06	05/25/06	06/01/06
05/25/06-06/09/06	05/26/06	06/05/06	06/12/06	06/16/06
06/10/06-06/24/06	06/13/06	06/20/06	06/27/06	07/03/06
06/25/06-07/09/06	06/23/06	06/30/06	07/10/06	07/14/06
07/10/06-07/24/06	07/12/06	07/19/06	07/26/06	08/01/06
07/25/06-08/09/06	07/27/06	08/03/06	08/10/06	08/16/06
08/10/06-08/24/06	08/14/06	08/21/06	08/28/06	09/01/06
08/25/06-09/09/06	08/25/06	09/01/06	09/11/06	09/15/06
09/10/06-09/24/06	09/11/06	09/18/06	09/25/06	09/29/06
09/25/06-10/9/06	09/25/06	10/02/06	10/10/06	10/16/06
10/10/06-10/24/06	10/12/06	10/19/06	10/26/06	11/01/06
10/25/06-11/09/06	10/26/06	11/02/06	11/09/06	11/16/06
11/10/06-11/24/06	11/08/06	11/16/06	11/27/06	12/01/06
11/25/06-12/09/06	11/27/06	12/04/06	12/11/06	12/15/06
12/10/06-12/24/06	12/08/06	12/15/06	12/22/06	12/29/06

This schedule can also be found on DOA's web site at the following address:

<http://www.doa.virginia.gov/procedures/Payroll/TPA/tpahtm.htm>

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Payroll and Leave Contact Personnel

Communication Guidance Address all processing questions to the individuals listed. Contact the appropriate DOA personnel to ensure accurate and consistent responses. Use E-mail and FAX to avoid “telephone tag” and provide all necessary relevant information. This will significantly reduce the amount of time it takes DOA personnel to address questions or concerns. **Review your CIPPS broadcast screen throughout the day for important messages.**

Payroll Operations – CIPPS Assistance

Name	Functional Area	E-mail	Phone (804 Area Code)
Ervin L. Farmer	Agency Payroll and Leave Procedural Support; Training	ervin.farmer@doa.virginia.gov	225-3120
John (JR) Rodgers	Technical Support; Mass Transactions, Special Pay, Deduction, or Report Set-up	john.rodgers@doa.virginia.gov	225-3079

Payroll Operations – PR/Benefits Accounting

Name	Functional Area	E-mail	Phone (804 Area Code)
Denise Waddy	Healthcare Reconciliations	denise.waddy@doa.virginia.gov	225-2246
Cathy Gravatt	941s; W-2Cs; Void Checks; Employee Masterfile Maintenance; CIPPS/CARS Interface; CIPPS Adjustments; Deferred Compensation; Deferred Compensation Cash Match; Political Appointee ORP	cathy.gravatt@doa.virginia.gov	225-2386
Denise Halderman	Payroll Accounting; Benefits Accounting; CIPPS Security	denise.halderman@doa.virginia.gov	371-8912
Walter Roish	Supplemental Insurances and Annuities; Annuity Cash Match; Flexible Reimbursement Accounts; ORPs (other than political appointee)	walter.roish@doa.virginia.gov	225-3100
Cathy Royal	CIPPS/PMIS Audit; Savings Bonds; CVC; VPEP; VEST	catherine.royal@doa.virginia.gov	225-2390

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Payroll and Leave Contact Personnel, Continued

Payroll Operations - Production

Name	Functional Area	E-mail	Phone (804 Area Code)
Annie Callanta	Agency Reports; Direct Deposit; Deposit Certificates; CIPPS Production Jobs & Report Distribution/Recovery; AD-HOC Reports/U1's; Stop Payments-Void Earnings Notices; Gross Pay Differences	annie.callanta@doa.virginia.gov v	371-7799
Kelvin Pride	CIPPS Report Recovery; Checkwrites	kelvin.pride@doa.virginia.gov	786-7549
Felecia Smith	Direct Deposit Stop Payments	felecia.smith@doa.virginia.gov	371-8385
Diana Jones	Direct Deposit Stop Payments	diana.jones@doa.virginia.gov	371-4883

Payroll Operations - Management

Name and Title	Functional Area	E-mail	Phone (804 Area Code)
Lora George, Director, State Payroll Operations and Charge Card Administration	General Information	lora.george@doa.virginia.gov	225-2245
Cathy McGill, Assistant Director, State Payroll Operations and Charge Card Administration	General Information, Technical Support, Mass Transactions, Special Pay, Deduction, or Report Set-up	cathy.mcgill@doa.virginia.gov v	371-7800

**Payroll
Operations
FAX Numbers**

- (804) 225-3499
- (804) 786-9201

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Payroll Operations Calendar

January 2006

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 HOLIDAY	3	4	5	6	7
8	9 Semimonthly salaried certification deadline salaried earnings period (12 /25-1/9)	10 Final Year End Certifications for W-2s due to DOA	11 Leave Keying Deadline for 12/25 – 1/9 Year End Leave Processing	12 Payday for semimonthly salaried employees 12/25- 1/09 pay period	13 HOLIDAY CIPPS Files open – no edits or pay runs	14
15	16 HOLIDAY CIPPS Files open – no edits or pay runs	17	18	19	20	21
22	23	24	25	26 Semimonthly salaried certification deadline (salaried earnings period (1/10-1/24)	27	28
29	30 Last Day for W-2s to be distributed to Agencies	31 Leave Keying Deadline for 1/10- 24. Healthcare Certifications for Dec 2005 due W-2s due to Employees	February 1 Payday for semimonthly salaried employees 1/10-1/24 pay period			

February 2006

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 Payday for semimonthly salaried employees	2	3	4
5	6	7	8	9	10 Semimonthly salaried certification Period 1-(1/25-2/09)	11
12	13	14	15 Leave keying deadline (1/25-2/09)	16 Payday for semimonthly salaried employees	17	18
19	20 HOLIDAY	21	22	23 Semimonthly salaried certification Period 2-(2/10-2/24)	24	25
26	27	28 Leave keying deadline (2/10-2/24) January Healthcare certification due				

March 2006

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 Payday for semimonthly salaried employees	2	3	4
5	6	7	8	9	10 Semimonthly salaried certification Period 1-(2/25-3/09)	11
12	13	14	15 Leave keying deadline (2/25-3/09)	16 Payday for semimonthly salaried employees	17	18
19	20	21	22	23	24	25
26	27 Semimonthly salaried certification Period 2-(3/10-3/24)	28	29	30 Leave keying deadline (3/10-3/24)	31 Payday for semimonthly salaried employees February Healthcare certification due	

April 2006

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10 Semimonthly salaried certification Period 1-(3/25-4/9)	11 Certification of Quarterly wages due	12	13 Leave keying deadline (3/25-4/9)	14 Payday for semimonthly salaried employees	15
16	17	18	19	20	21	22
23	24	25 Semimonthly salaried certification Period 2-(4/10-4/24)	26	27	28 Leave keying deadline (4/10-4/24) March Healthcare certification due	29
30						

May 2006

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Payday for semimonthly salaried employees	2	3	4	5	6
7	8	9	10 Semimonthly salaried certification Period 1-(4/25-5/9)	11	12	13
14	15 Leave keying deadline (4/25-5/9)	16 Payday for semimonthly salaried employees	17	18	19	20
21	22	23	24	25 Semimonthly salaried certification Period 2-(5/10-5/24)	26	27
28	29 HOLIDAY	30	31 Leave keying Deadline (5/10-5/24) April Healthcare certification due			

Certification Schedule

The Payroll Operations Calendar for the period June through November 2006 will be issued in May. The calendar for December 2006 will be issued in November. For agency planning purposes, the certification dates and paydays for this period are listed below.

Month and Period	Certification Date	Pay Date
June <i>1st pay period 5/25 - 6/9</i>	6/12	6/16
July <i>2nd pay period 6/10 - 6/24</i> <i>1st pay period 6/25 - 7/9</i> <i>2nd pay period 7/10 - 7/24</i>	6/27 7/10 7/26	7/3 7/14 8/1
August <i>1st pay period 7/25 - 8/9</i> <i>2nd pay period 8/10 - 8/24</i>	8/10 8/28	8/16 9/01
September <i>1st pay period 8/25 - 9/9</i> <i>2nd pay period 9/10 - 9/24</i>	9/11 9/25	9/15 9/29
October <i>1st pay period 9/25 - 10/9</i> <i>2nd pay period 10/10 - 10/24</i>	10/10 10/26	10/16 11/01
November <i>1st pay period 10/25 - 11/9</i> <i>2nd pay period 11/10 - 11/24</i>	11/09 11/27	11/16 12/01
December <i>1st pay period 11/25 - 12/9</i> <i>2nd pay period 12/10 - 12/24</i>	12/11 12/22	12/15 12/29